

Message Text

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XMT AMEMBASSY SUVA

C O N F I D E N T I A L STATE 309036

STADIS//////////

E.O. 11652: GDS

TAGS: EAID,

SUBJECT: WEEKLY STATUS REPORT -- THAILAND, INDONESIA,
MALAYSIA, BURMA AND SINGAPORE

INDONESIA

DOMESTIC POLITICAL DEVELOPMENTS (CONF)

THE POLITICAL TEMPERATURE IN INDONESIA, WHICH HAS BEEN
MOUNTING IN ANTICIPATION OF THE MARCH MPR ELECTION OF A
PRESIDENT, APPEARS TO HAVE CHECKED ITS RISE DURING THE
PAST WEEK, BUT PROBABLY ONLY TEMPORARILY. THERE APPEAR
TO HAVE BEEN FEW NEW DEVELOPMENTS, THE MOST NOTABLE BEING
RETIRED GENERAL NASUTION'S SOMEWHAT DEFIANT STATEMENT TO
THE PRESS THAT HAS BEEN GIVEN TWO INDICATIONS THAT HE "HAD
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BEEN FRAMED". A SINGAPORE DOMESTIC RADIO REPORT THAT THE
WEST JAVA SILIWANGI DIVISION HAD BEEN PUT ON ALERT (AFTER
TROOPS HAD REPORTEDLY RECEIVED PAMPHLETS URGING THEM TO
REBEL) IS NOT YET CONFIRMED. THE ELEMENTS FOR FURTHER
INCREASES IN TENSION REMAIN, HOWEVER. WE ARE CONCERNED
THAT, SHOULD THE ARMY YIELD TO THE TEMPTATION TO TAKE FIRM
ACTION AGAINST STUDENTS AND OTHER DISSIDENTS, PARTICULARLY

SUCH ACTS AS ARRESTING NASUTION OR OTHER PROMINENT CRITICS,
MUCH OF THE CREDIT WHICH THE GOI HAS GAINED THROUGH THE
DEC 20 PRISONER RELEASES MAY BE DISSIPATED.
PL-480 TITLE I (CONF)

WE HAVE HAD NO FURTHER REACTION YET FROM THE INDONESIANS
SINCE EMBASSY JAKARTA PROVIDED THE GOI WITH WRITTEN
EXTRACTS FROM THE PRESS GUIDANCE ON THE DEC 18 SETH KING
STORY IN THE NEW YORK TIMES AND WE PROVIDED A LETTER TO
THE INDONESIAN EMBASSY DENYING THAT THE DEPT CONSIDERS
THE GOI SIGNING OF THE PL-480 AGREEMENT AMENDMENT TO
CONSTITUTE AN ADMISSION THAT IT WAS VIOLATING HUMAN
RIGHTS. IT APPEARS THAT FOR THE SHORT RUN, AT LEAST,
NO NEWS IS GOOD NEWS AND THAT THESE CLARIFICATIONS MAY
HAVE SOOTHED DISTURBED INDONESIAN SENSITIVITIES.

MINISTER SADLI PHONES BUT DOES NOT VISIT WASHINGTON (CONF)

AT LAST MINUTE MINISTER OF MINES SADLI CANCELLED HIS
WASHINGTON VISIT AFTER THE OPEC MEETING IN CARACAS BUT
PHONED DEPUTY ASST SECRETARIES HEGINBOTHAM AND BOSWORTH
AND TREASURY ASSISTANT SECRETARY BERGSTEN. SADLI NOW
PLANS COME TO WASHINGTON JANUARY 30 TO DISCUSS COPPER
PRICES AND THE UNCTAD CONFERENCE SCHEDULED FOR FEBRUARY
IN GENEVA. HE ALSO PROVIDED BACKGROUND ON THE RECENT
CIPEC MEETING. IN COMMENTING ON OPEC MEETING, HE DE-
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CLARED THAT OPEC HAD GIVEN US A CHRISTMAS PRESENT AND
RECIPROCITY WAS DUE - PERHAPS IN STRONGER SUPPORT FOR
THE COMMON FUND. HE ALSO NOTED THAT MODERATE ARAB STATES
WERE PRAYING FOR SUCCESS OF SADAT'S INITIATIVES IN MIDDLE
EAST. SADLI DID NOT DISCUSS THE STATUS OF DOE HEARINGS
ON LNG IMPORTATION INTO CALIFORNIA.

IBM AND GOI REACH AGREEMENT (LOU)

THE GOI HAS AGREED TO AN IBM PLAN WHICH WILL ENABLE
IBM TO CONTINUE OPERATIONS AFTER JAN 1, 1978 IN ACCORD-
ANCE WITH GOI LAW NO. 6 REQUIRING ALL TRADING ACTIVITIES
BE IN THE HANDS OF INDONESIANS BY JAN 1. BOTH PARTIES
EXHIBITED SURPRISING FLEXIBILITY TOWARDS THE END OF THE
NEGOTIATIONS, RESULTING IN A MUTUALLY SATISFACTORY
COMPROMISE. THE COMPANY WAS ABLE TO MAINTAIN THE CON-
TROL IT FELT NECESSARY AND THE GOI DID NOT LOSE FACE.

THAILAND

EXIM BANK APPROVES 45 MILLION DOLS CEMENT PLANT
EQUIPMENT LOAN (LOU)

AFTER TWICE DISAPPROVING A LOAN TO THE FULLER COMPANY FOR SALE OF EQUIPMENT TO SIAM CEMENT, EXIM BANK FINALLY APPROVED THIS 45 MILLION DOLS LOAN DECEMBER 22. SOME EXIM BANK OFFICIALS HAD EARLIER QUESTIONED THIS LOAN OUT COURT AGAINST EXIM BANK-FINANCED SIAM KRAFT PAPER COMPANY.

THAI-CAMBODIAN BORDER QUIET (CONF)

INCIDENTS ALONG THE THAI-CAMBODIAN BORDER APPEAR TO HAVE DROPPED OFF THIS WEEK, FOLLOWING A FLURRY OF ACTIVITY IN MID-DECEMBER CULMINATING ON DECEMBER 21 WHEN THE
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CAMBODIANS SHOT DOWN A THAI OV-10 RECONNAISSANCE AIRCRAFT. ALTHOUGH THE THAI PLAYED DOWN THE LOSS OF THE OV-10, THE FIRST AIRCRAFT LOST ON THE CAMBODIAN BORDER, OFFICIAL STATEMENTS REFLECTED INCREASED IMPATIENCE WITH THE CONTINUED CAMBODIAN INCURSIONS. PRIME MINISTER KRIANGSAK ALSO APPEARS TO HAVE COME UNDER INCREASED PRESSURE FROM ELEMENTS WITHIN THE THAI MILITARY WHO WOULD LIKE TO SEE STRONGER ACTION TAKEN. NEVERTHELESS, THE THAI HAVE CONTINUED TO STRESS THAT THEIR ACTIONS WILL BE DEFENSIVE, AND KRIANGSAK HAS REAFFIRMED HIS COMMITMENT TO NEGOTIATE THE BORDER PROBLEMS.

IN A POSSIBLY RELATED DEVELOPMENT, SWEDISH AMBASSADOR TO THAILAND JEAN-CHRISTOPHE OBERG, VISITED ANGKOR WAT DECEMBER 22-24 WHERE HE WAS RECEIVED BY DEPUTY PRIME MINISTER FOR FOREIGN AFFAIRS IENG SARY. DESPITE OFFICIAL STATEMENTS THAT THE ONLY PURPOSE OF OBERG'S VISIT WAS TOURISM, THERE HAS BEEN CONSIDERABLE SPECULATION IN BANGKOK THAT THE TRIP WAS UNDERTAKEN WITH KRIANGSAK'S BLESSINGS TO ATTEMPT TO MEDIATE THAI-CAMBODIAN BORDER PROBLEMS. WE HAVE HAD NO WORD AS YET ON THE RESULTS OF THE VISIT.

EA REGIONAL NARCOTICS CONFERENCE (LOU)

PLANNING AND ARRANGEMENTS FOR THE 1978 EA REGIONAL NAROCITCS CONFERENCE IN SINGAPORE FROM JANUARY 11 TO 13 ARE PROCEEDING APACE. A TOTAL OF MORE THAN 50 PARTICIPANTS ARE EXPECTED FOR THE CONFERENCE, INCLUDING EMBASSY NARCOTICS COORDINATORS, DEA SPECIAL AGENTS IN CHARGE, AND WASHINGTON REPRESENTATIVES. DEPUTY ASSISTANT SECRETARY OAKLEY WILL DELIVER THE KEYNOTE ADDRESS ON THE FIRST DAY OF THE CONFERENCE, AND WILL JOIN DR. BOURNE
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AND SPECIAL ADVISOR FALCO FOR A PANEL PRESENTATION OF
WASHINGTON VIEWS LATER THE SAME MORNING. CONGRESSMAN
WOLFF AND OTHER MEMBER OF THE SELECT COMMITTEE WILL
ALSO PARTICIPATE IN A PANEL PRESENTATION ON THE THIRD DAY.

THE PRIMARY FOCUS OF THE CONFERENCE WILL BE THE MORE THAN
20 WORKSHOPS AND SMALL GROUP MEETINGS ON VARIOUS ASPECTS
OF INTERNATIONAL NARCOTICS CONTROL ACTIVITIES. VANCE

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POSTS FROM SECSTATE DTD 28 DEC 1977 DTG R 282347Z DEC 77 QTE

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